

**CHAPTER 2. REIMBURSABLE AGREEMENT ADMINISTRATIVE PROCEDURES**

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**CHAPTER 2. REIMBURSABLE AGREEMENT ADMINISTRATIVE PROCEDURES****2.1 INTRODUCTION.**

- 2.1.1 This chapter issues policy and procedures for administrative financial requirements of all reimbursable agreements.

**2.2 REIMBURSABLE AGREEMENTS.**

- 2.2.1 Reimbursable agreements shall contain:
- A. Legal authority both for performing the reimbursable work and for crediting reimbursements to National Aeronautics and Space Administration (NASA) appropriations.
  - B. A complete description of the work or services to be performed as required in NASA Advisory Implementing Instruction 1050-1, Space Act Agreements Guide, descriptions of deliverables, and a statement of why the project is being supported.
  - C. Period of performance, including initiation date, interim milestones if relevant, and completion dates.
  - D. Identification of the NASA billing organization.
  - E. Identification of the customer payment office, phone number, address, Reimbursable Agreement Number and any other identifying number (i.e., order number, date of Memorandum of Understanding).
  - F. For Federal agency customers, the agency's fund citation including the appropriation symbol and expiration date; the customer agency's Treasury Agency Location Code (ALC) and Dun & Bradstreet Universal Numbering System (DUNS) number.
  - G. For Federal customers that have approved billing and collection via Treasury's Intergovernmental Payment and Collection (IPAC) system, the signed agreement must contain the customer's financial information required to process the IPAC transactions.
  - H. For non-Federal customers, the agreement must contain the requirement for advance payment (unless expressly waived).
  - I. The agreement should include descriptions of significant cost components. Rate(s) at which indirect costs are to be applied (i.e., Center Management and Operations rate) should be indicated in the agreement.
  - J. Where multi-order agreements are used, individual orders will identify the goods and services ordered, prices, delivery terms, initiation date, and completion date, as appropriate.

- K. Descriptions of Interim or Final Financial Status Reporting. It shall be the responsibility of the reimbursable customer to specify content and frequency of interim or final financial status reports prepared by NASA and furnished to the reimbursable customer. Requirements for financial status reports, if any, should be included in the terms of the reimbursable agreement. Notwithstanding requirements for interim or final financial status reports, support for customer billings can be furnished as needed as well as descriptions of balances remaining available to continue work under the agreement. If the customer is another Federal agency, in accordance with Treasury Financial Manual, Bulletin No. 2007-03, Subject: Intragovernmental Business Rules, such performance reporting shall be provided no later than 30 days after the accountable event, or before the close of the quarterly reporting period, whichever occurs first.
- L. Reporting of Full Cost to Federal Agency Customers. In accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 30, Inter-Entity Cost Implementation: Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts, NASA (as the performing agency on reimbursable agreements) shall be responsible in certain circumstances for reporting full costs of work being performed to the other agency customer regardless of what portion of the full costs are reimbursed. The customer agency must have already determined that full costs as reported by NASA: (1) are significant to the other agency, (2) form an integral or necessary part of the other agency's output, and (3) can be identified or matched to the reimbursable project with reasonable precision. It is the responsibility of the other agency (i.e., a Federal reimbursable customer) to include applicable reporting requirements in order to comply with SFFAS No. 30 in the reimbursable agreement. Unless the requirement for full cost reporting is included in the terms of the reimbursable agreement, it will not be policy to report NASA's full costs to reimbursable customers of reimbursable agreements, other than as support for reimbursable billings.

2.2.2 Documentation of reimbursable agreements shall include:

- A. Estimated Cost of the Work or Services, with any Revised Estimates. If there are revised cost estimates, there should be documentation of that with a revised Estimated Price Report (EPR). There should be a corresponding modification to the agreement as signed by both parties or justification(s) and approval for any waived incremental costs, as appropriate. Similarly, if there is a modification to proposed funding source(s) for waived incremental costs that should require approval by the Center Chief Financial Officer (CFO). If revised estimates will affect the terms of the agreement with the reimbursable customer (i.e., expected total reimbursement from the customer, schedule or scope of performance), signatures for an agreement modification should include those from an authorized NASA person and the reimbursable customer in accordance with NPD 1050.1. If a revised estimate will not involve a change to the terms of the reimbursable agreement, approval of the modified estimate would be internal within NASA. Examples of

modifications that do not require a signature from the reimbursable customer would include changes to account designations and amounts of alternative sources of funding for incremental waived costs, etc. as long as the amount ultimately due from the customer is not changed.

- B. The total cost of the agreement, the price to be borne by the customer and the cost, if any, to be borne by NASA.
- C. The funding citation(s) for the NASA portion of the work.
- D. For non-Federal customers, an approved waiver of the advance payment requirement, if applicable.

### 2.2.3 Business Rules.

- A. Each reimbursable agreement will be assigned a project work breakdown structure (WBS) in accordance with Agency policies and procedures for program and project identification. All reimbursable agreements (or stand alone orders under multiple order agreements) must be numbered so that they can be individually identified.
- B. Costs are to be recorded in accordance with the full cost requirements of FMR Volume 7, *Cost*. In addition, the estimated and actual waived cost as well as the estimated and actual customer reimbursement must be documented for each agreement.
- C. No commitments or obligations may be established nor costs incurred under a reimbursable agreement until the agreement has been approved and signed by authorized representatives of both NASA and the customer, and the following conditions are met:
  - 1. Formal reimbursable funding authority has been issued to the performing Center(s) through the Fund Control Process contained in FMR Volume 5, *Budget Execution*; and
  - 2. If the customer is a non-Federal entity, a cash advance has been received by the Center, except where otherwise authorized by law and approved by the Center CFO; or
  - 3. If the customer is a Federal agency, an advance or funds citation has been provided. Advances may be requested from Federal customers via IPAC for agreements greater than \$1 million dollars or if determined by the NASA Center CFO to be in the best interests of NASA and the Center in order to maintain cash solvency.
- D. The execution of reimbursable agreements is subject to all of NASA's normal program management, financial management, and procurement procedures. In addition, the following requirements apply to reimbursable agreements:

1. Financial records and reports must be maintained at both the customer order level, as well as the agreement level, to facilitate performance management and financial management.
  2. Performance, billings, and closeouts will be executed on a timely basis as specified in the reimbursable agreement and in FMR Volume 6, Chapters 2, 3 and 4.
  3. NASA Headquarters and Centers must comply with the intragovernmental transaction data and reconciliation requirements contained in Office of Management and Budget (OMB) Memo M-07-03, Business Rules for Intragovernmental Transactions. The rules are located in the Treasury Financial Manual, Volume 1, Bulletin 2007-03. They are mandatory for all Departments and Agencies.
- E. Before each Reimbursable Agreement is approved, the Center CFO will ensure that all of the following requirements are satisfied:
1. The estimated full costs of performing the work are analyzed for each proposed agreement.
  2. Where applicable the market based pricing structure established for the Center will be applied to the agreement. The difference between the full cost and the market based price is the waived cost and will be shown in the price adjustment column of the EPR.
  3. If the amount of the price adjustment, or proposed cost waiver on a cost based agreement, requires waiving any incremental costs that will be incurred because of the agreement, the Center CFO must obtain alternative funding for the waived incremental cost.
  4. The pricing applied to the reimbursable agreement will not result in reimbursable revenue that is in excess of the full cost of providing the work, unless the excess revenue is promptly deposited into Treasury's miscellaneous receipts account.
  5. In the case of a non-Federal reimbursable customer, a cash advance will be obtained before performing work. If there is a waiver of the requirement for an advance, the justification for the waiver should be reviewed and approved in accordance with NPD 1050.1.
- F. Multiple Order Reimbursable Agreements. When a reimbursable Space Act agreement calls for the issuance of multiple individual orders, each order will be treated as a separate agreement for the purposes of costing, pricing, billing, and collection. The requirements of this Volume are to be applied to each order as if it were a single stand alone agreement.
- G. Reimbursable Agreements with Federal Customers. By signing the agreement, the Requesting Agency confirms that a bona fide need exists and that funds are for the designated purpose, meet time limitations, and

are legally available for the acquisition described in the agreement; that all unique funding and procurement requirements, including all statutory and regulatory requirements applicable to the funding being provided, have been disclosed to Servicing Agency (i.e., NASA); and all internal reviews and approvals required prior to transferring funds to NASA have been completed. NASA's acceptance of the document creates an obligation on the part of the Requesting Agency (i.e., the customer).

- 2.2.4 Monitoring Controls. Internal controls must be established and enforced to prevent the amount chargeable to the customer from exceeding the reimbursement amount specified in the reimbursable agreement.
- A. All levels of management involved in the execution of the reimbursable agreement, including but not limited to, the reimbursable project manager, service pool managers, and the Office of the CFO share this responsibility.
  - B. Reimbursable project costs must be closely monitored so that if needed, additional funding can be requested from the customer before costs in excess of the agreed upon amount are incurred. In addition, controls must be in place to ensure that amounts collected from reimbursable customers are credited to the NASA appropriation and program year used to pay for the work.
  - C. NASA will not provide services or incur costs beyond the available funding amount. Although a good faith effort to accurately estimate costs is expected, NASA provides no assurance to the customer that the proposed effort under the agreement will be accomplished for the estimated amount. Should the effort cost more than the estimate, the customer shall be advised by NASA as soon as possible. The reimbursable customer shall pay all costs incurred and have the option of canceling the remaining effort, or providing additional funding in order to continue the proposed effort under the revised estimate.
  - D. Direct funding sources shall not be used to finance work in connection with the reimbursable project in the absence of a signed agreement or distribution of reimbursable budget authority. Direct funding sources shall not be used to finance continuation of work by NASA because of insufficient reimbursable funding. Generally, use of direct funding sources shall be limited to the following:
    - 1. Costs associated with negotiating the agreement, determining technical specification and scope of work, scheduling of resources, estimating costs, and other costs that are reasonable and normally associated with preparation for reimbursable work.
    - 2. Waived incremental costs under the agreement, as documented on the EPR and approved by the Center CFO.

- E. Should work under the agreement be terminated prior to completion, or the effort completed at a cost less than the agreed estimated cost, NASA shall account for any unobligated as well as any undisbursed funds within a reasonable period (as specified in the agreement) after completion of all work and promptly thereafter, return any unobligated advance funds to the customer. Regarding obligated but undisbursed funds, NASA has incurred binding obligations on behalf of the customer and should retain advance funds pending resolution of the obligations (either deobligation or payment to vendors).

### 2.3 NON-REIMBURSABLE AGREEMENTS.

- 2.3.1 When non-reimbursable agreements are executed, there will be no transfer of funds or other financial obligations between the parties under the agreement and each party will fund its own participation. All activities under or pursuant to the agreement are subject to the availability of funds, and no provision of a non-reimbursable agreement shall be interpreted to require obligation or payment of funds in violation of the AntiDeficiency Act, Title 31 U.S.C. § 1341.

### 2.4 ESTIMATED PRICE REPORTS (EPRs).

- 2.4.1 All proposed reimbursable agreements forwarded to the Center CFO or Headquarters, Funds Control and Distribution Branch, for concurrence will be accompanied by an EPR showing the estimated cost by cost element. Reimbursable agreements that will be executed by more than one Headquarters office or NASA Center must include supporting schedules that identify the costs to be incurred by each NASA participant. All proposed price adjustments to reach market price, or other waived cost when market pricing is not applicable, must be identified in the Price Adjustment column on the EPR. The requirements for determining, approving, and documenting the market based level of reimbursement are identified in Chapter 4 of this Volume.
- 2.4.2 A sample of the EPR format is provided as Appendix A of this Volume. The items listed on the sample EPR represent the minimum information that must be documented on the EPR. Centers have the latitude to create worksheets that are reasonable facsimiles of the sample EPR. However, as stated above, the information in the sample EPR represents the minimum information expected. A facsimile worksheet constituting an EPR shall provide support for full costs of the project, clearly identify the components of the price to be charged to the customer, and account for any costs that are waived in order to arrive at the price to be charged.
- 2.4.3 If the price to be charged to the customer is greater than the full cost of performing the work, the EPR shall contain sufficient explanatory notes to make it clear that the price is greater than the cost. The amount collected that exceeds the full cost shall be deposited to Miscellaneous Receipts at Treasury.

## 2.5 ADVANCES RECEIVED.

- 2.5.1 When advances are received from non-Federal reimbursable customers they must be deposited promptly in accordance with the procedures in Chapter 5 of FMR Volume 15, *Cash Management*. Advances from Federal reimbursable customers should be requested via IPAC for deposit to the NASA appropriation being used to execute the work. Generally, cash advances would be received from non-Federal entities by the NASA Shared Service Center (NSSC) on behalf of Centers.
- 2.5.2 Advances Received by NASA. All advances received from reimbursable customers, both Federal and non-Federal, must be credited as Advances from Others to the NASA appropriation that is being used to execute the work and must reference the relevant reimbursable agreement, regardless of whether performance of the requested work is pending. If an advance is received, but a valid signed agreement has not yet been executed or if there is a delay in establishing accounting classifications representing the reimbursable agreement, advances from customers, the advance should credit the account established for Advances without Orders from Non-Federal Sources in accordance with guidance from the Agency Office of the CFO.
- 2.5.3 Advances Received by NASA Headquarters. Cash advances received at NASA Headquarters from non-Federal sources must also be deposited promptly in accordance with the procedures in FMR Volume 15, *Cash Management*. In addition, the Headquarters office receiving the advance must contact the performing Center and obtain the identity of the appropriation that will be used to execute the work and deposit the advance to that appropriation.

## 2.6 BILLING AND COLLECTION.

- 2.6.1 Billing.
- A. Billing Frequency. Generally, as costs are incurred, the NASA Shared Services Center (NSSC) shall bill reimbursable customers monthly. The monthly calculation and processing of a bill is required whether or not an advance has been received. In those cases where an advance has been received, the billing triggers a reduction of the balance in the "Advances from Others" General Ledger account in the amount of the bill.
- B. Cost-Effectiveness of Interim Billings. Unless specifically called for in the agreement, a regular interim reimbursable billing could be deferred when the amount of a periodic billing would not be cost-effective to process and the Center expects that additional cost will be recorded.
1. Generally, there should be a basis for deferring a billing if the amount of the bill is less than the incremental cost of processing the bill and the related collection.



2. Agency collection procedures should provide for periodic comparisons of costs incurred and amounts collected in order to determine cost-effective dollar thresholds at which to process interim reimbursable billings.
  3. Reimbursable costs that are considered final shall be billed when incurred notwithstanding a dollar threshold for cost-effective billing, as described above. A final bill shall include any unbilled balance brought forward from previous periods.
  4. Reimbursable costs shall be billed when incurred if required by provisions in the reimbursable agreement or if work has been suspended and it is expected that additional billings will not be forthcoming on a recurring basis.
  5. An amount that remains unbilled (because of an interim billing has been deferred) would be brought forward in the next billing cycle as a beginning unbilled balance.
  6. NASA Centers, including project and resource staffs responsible for performance and financial status reporting to reimbursable customers, shall account for any reimbursable costs that have not yet been billed.
- C. Each bill will show the agreement number and provide other information needed by customer and reflect the data requirements that were agreed to and included in the reimbursable agreement.
- D. Collections for cost incurred will be immediately deposited to NASA appropriations. Charges for depreciation included in the customer billing or amounts billed in excess of full costs incurred by NASA must be deposited to the Treasury miscellaneous receipts account (Account 803220, General Fund Proprietary Receipts) when collected.
- E. Headquarters Negotiated Reimbursable Agreements. In the case of reimbursable agreements negotiated by NASA Headquarters, the NASA Center performing the work is responsible for validating amounts of proposed billings of the customer as costs are incurred in collaboration with the NASA Shared Services Center (NSSC), which is responsible for the actual billing process. When more than one Center is assigned responsibility for portions of a Headquarters negotiated agreement each participating Center will be issued specific reimbursable authority. The Director for Headquarters Operations will be responsible for tracking the financial status of the entire agreement. The Headquarters office that negotiated the agreement will provide the performing Centers copies of the agreement and any applicable supplemental data.
- F. Billings should be regularly reviewed by persons knowledgeable in resource utilization of the project in order to ensure validity. Corrections or adjustments to reimbursable billings shall be accomplished in a timely manner. If possible, corrections shall be accomplished within the same

accounting period as that in which discrepancies were identified. Corrections and adjustments shall be associated with the accounting periods in which the corrections were recorded.

- G. Payment Methods. NASA Centers should make every effort to have customers submit all payments, including advances, electronically. Chapter 2 of FMR Volume 15 describes the various electronic payment methods that can be used by Federal and non-Federal customers.

#### 2.6.2 Recording Collections.

- A. Agreements with Advances. Where money has been collected in advance, the funds should be recorded as advances received from others. The advance account is liquidated as described above.
- B. Agreements Without Advances. Where money has not been collected in advance, Centers should bill as described above or as specified in the agreement based on costs incurred. Each bill will identify the specific agreement number and be forwarded to the customer in accordance with the instructions contained in the agreement. For costs incurred at the Center level, collections must be credited to the NASA appropriation that was used to fund the reimbursable work. Amounts collected that represent depreciation charges must be deposited in the Treasury Miscellaneous Receipts Account.

### 2.7 FINANCIAL REPORTING.

- 2.7.1 The financial status of each reimbursable agreement must be available to the Project Manager, as well as the participating service pool managers, within 7 business days after the end of the month so that all needed information is available to support proper management of reimbursable agreements.
- 2.7.2 The Center CFO is responsible for trading partner reporting information on the status of revenue earned to Federal reimbursable customers on a monthly basis as required by OMB Memo M-07-03, Business Rules for Intragovernmental Transactions and Treasury Financial Manual, Volume 1, Bulletin 2007-03.
- 2.7.3 A preliminary final bill must be submitted to the reimbursable customer no later than 90 days after the agreement completion date or as specified in the agreement. The final bill must be submitted to the customer by the end of the month in which the final costs are recorded or as soon as possible thereafter. No obligation or cost accrual adjustments will be allowed against reimbursable orders after a final bill has been submitted. Any subsequent increases or reductions in total cost of the reimbursable project will be charged or credited to the associated direct program. When the price of a reimbursable agreement is based on cost rather than market rates, decreases in the cost of the customer funded portion of the reimbursable agreement must be refunded to the customer if the customer has paid for those costs. All increases or reductions processed after the final bill must be

posted to the NASA program year account that was used to perform the rest of the work. As a result, every effort must be made to ensure that all costs or cost adjustments are recorded on a timely basis.

#### 2.7.4 Application of Reimbursements Received.

- A. Receipts from reimbursable work may be credited to NASA appropriations based on the principle that actual costs have increased, directly or indirectly to NASA as a result of the reimbursable work. Receipts from reimbursable work may only be credited to the fiscal year appropriation from which the cost of providing the service was paid. Otherwise receipts should be credited to "Miscellaneous Receipts" U.S. Treasury. The following must be considered in making this determination:
1. In cases where the NASA appropriation includes specific funding to support the reimbursable work, NASA cannot retain funds received from customers for this work.
  2. NASA must be assured that funds received represent reasonable compensation for costs incurred. Any reimbursement received in excess of the actual full cost incurred must be returned to the customer. The only exceptions are agreements with non-Federal customers where NASA charges market price and the market price exceeds NASA's full cost. In those situations the amount received that exceeds full cost must be deposited to the Treasury Miscellaneous Receipts Account, unless specific legislation authority, such as the Enhanced Use Lease (EUL) Demonstration authority, permits retention by the Agency.
- B. Appropriation Augmentation.
1. Except in the case of the EUL authority addressed in Chapter 5 of this Volume, reimbursements credited to NASA appropriations may not exceed the costs incurred in the performance of the associated reimbursable agreement. Depositing amounts in excess of costs incurred to NASA appropriations would represent an unauthorized augmentation of NASA's appropriations. Amounts collected that exceed costs incurred must be deposited as Miscellaneous Receipts.
  2. NASA's reimbursable budget authority is approved by Congress incident to the Agency's request in the President's annual budget. This reimbursable authority is not the same as direct budget authority. Reimbursable budget authority is authority to enter into reimbursable agreements with other entities and accept funding from other entities as reimbursement for the cost of services rendered or goods provided. Reimbursable work involves the receipt of funds from sources other than NASA's direct appropriations and crediting them to NASA appropriations.